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17 February 1955



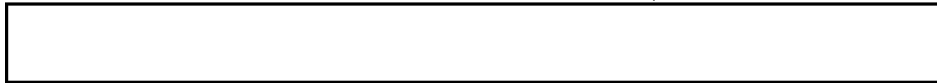
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SUMMARY

SOVIET UNION

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SOVIET UNION

1. Soviet trade with several Western European countries reported declining:

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According to a prominent French trade official, the USSR has cut its trade with Britain, France, Sweden and Switzerland since December. He believes that since

the decline in trade affected Sweden and Switzerland it was not related to the Paris accords, but reflects a new Russian commercial policy.

Comment: Since definitive trade figures for January would not yet be available to the Western governments, the judgment that a meaningful drop has taken place is probably based primarily on indications from trading firms that there has been a decline in Soviet orders. A drop would be a logical result of a reappraisal of foreign trade policy in connection with the shift of emphasis in Soviet domestic economic policy.

No dramatic change in Soviet trade policy or the level of Soviet trade with the West is expected in 1955, but the USSR will probably procure from non-Communist countries a higher proportion of the capital goods and raw materials needed for industrial development and a lower proportion of consumers' goods than in 1954. (Concurred in by ORR)

- 25X1A 2. Hints of purge emerging in USSR:



The American embassy in Moscow reports that the editor of Izvestia was not listed as being present at the 14 February reception at the Chinese embassy attended by the editors of Pravda, Trud, and Red Star. The Soviet government newspaper Izvestia carried on 15 February for the first time a lead editorial directly criticizing the economists who were attacked recently by party publications and by party secretary Khrushchev. The editorial echoed Khrushchev's statement to the central committee regarding their "belching up of right deviation."

The embassy noted also that a Moscow party official at a meeting on 12 February criticized the party secretary of the Institute of Economics for failing to give correct "political evaluation" to the economic views of members of the institute.

Comment: The absence of the chief editor of Izvestia from the reception may mean that he has been dismissed for permitting the appearance in that paper during December of the "consumers' goods" point of view, in opposition to the party line as developed in Pravda.

These developments suggest that Khrushchev's diatribe at the central committee plenum has set in motion the familiar process of criticism and denunciation which in Stalin's day were precursors of an ultimate purge. A purge at this time, however, would be inconsistent with the present efforts of the Soviet leaders to convey to the world an impression of stability in the "collective leadership."

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5. Comment on neutralist speech of Laotian king:

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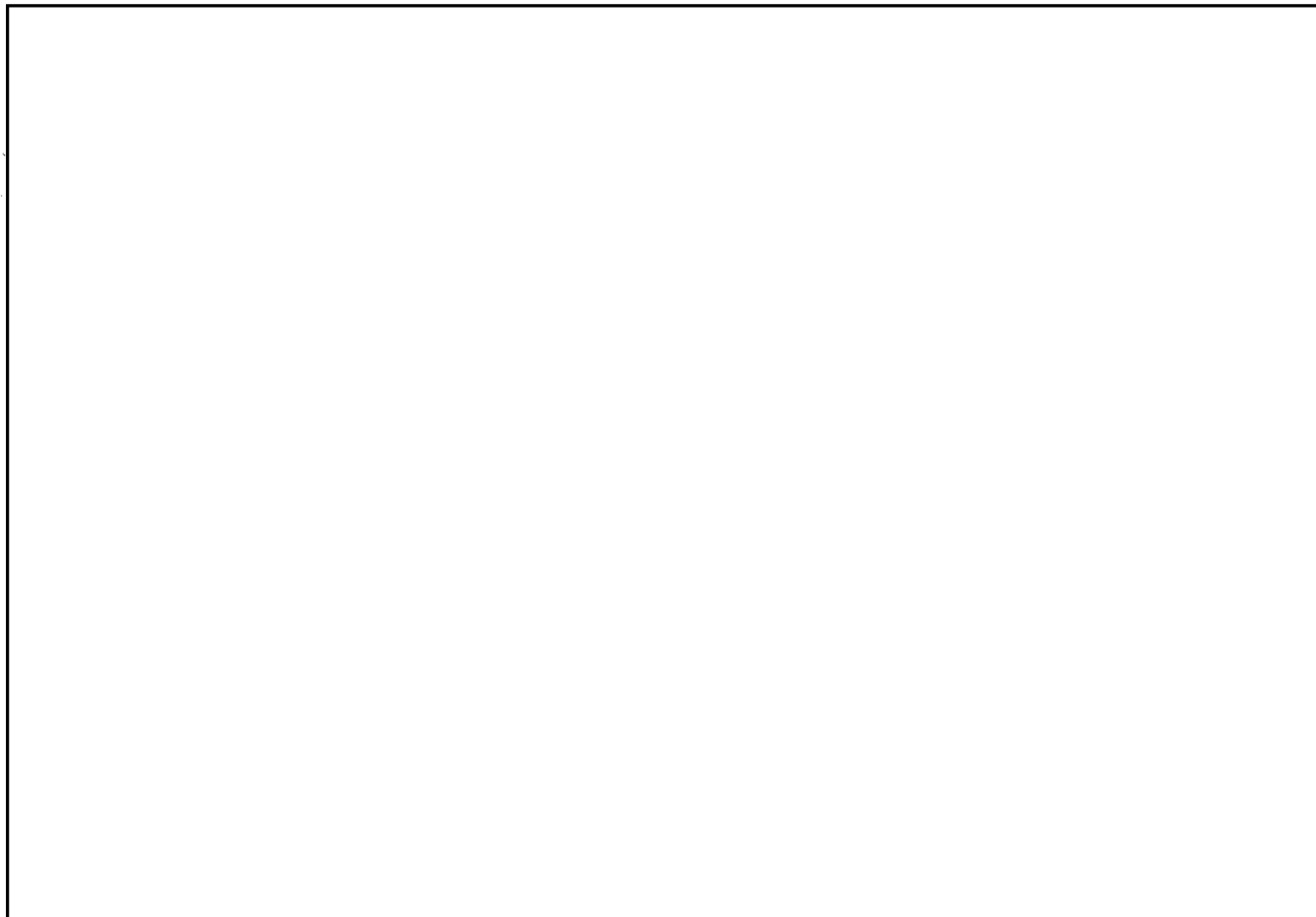
The speech of King Sisavong Vong before the National Assembly of Laos on 14 February confirmed the earlier prediction of Crown Prince Savang that the speech would "breathe neutralism and coexistence." Specifically, the king looked forward to Laos' becoming a "small peace zone within the great peace zone which some Asian nations are endeavoring to promote." He pledged Laos' "full adherence to the five principles defined by the great Indian republic," while omitting mention of Communist China's joint authorship. With respect to the Communist-backed Pathet Lao, he favored "the return to the great Laotian family of those who have erred in the past strife."

In an earlier conversation with the American minister in Vientiane, Savang had placed the blame for this speech squarely on Premier Katay Sasorith, whose vacillating policy toward the Pathet Lao is, the prince charges, playing into the hands of the Communists.

In his conversations with American officials the prince has taken a strongly anti-Communist, antineutralist line, but his argument, on constitutional grounds, that the king had no alternative but to act as the mouthpiece for Katay's neutralist views hardly rings true. Savang himself was probably in a position to change the tone of the king's speech, and his failure to do so may have been deliberate. His motive may have been to discredit Katay further in Western eyes or perhaps, in view of his weak country's inability to defend itself, to retain for the Laotian government a greater degree of maneuverability in East-West matters.

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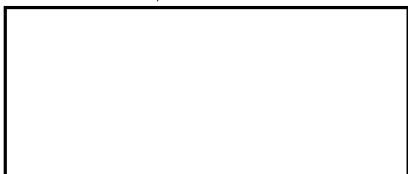
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WESTERN EUROPE

7. Adenauer still sees Bundestag approval of Paris accords next week:

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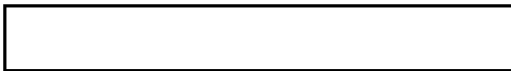
Chancellor Adenauer anticipates no serious opposition in the Bonn coalition to his decision to go ahead with final Bundestag action on the Paris accords on 24-26 February as scheduled, even if there are further delays in the formation of a French government, according to West German deputy foreign minister Hallstein. American officials gained the impression from Hallstein that the chancellor is confident the Bundestag will approve the accords.

Comment: Adenauer will probably be able to maintain the present Bundestag schedule, although pressure is growing within the coalition to pass the accords on the second vote,

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and defer the third and final vote until the ratification picture clears in France. Bundestag deputies are particularly reluctant to approve that part of the accords dealing with the Saar.

Sentiment in the Bundesrat, which has been expected to complete action on the accords in mid-March, will also probably be influenced by developments in France.